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SECURITY INFORMATION

2 November 1951

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DAILY DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Dept. review completed

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SECTION 1 (SOVIET)

1. USSR. Moscow broadcast mentions an American campaign for a Korea "truce by Armistice Day:" Soviet broadcasts on 31 October made no mention of the Korean truce talks except for reports of an alleged campaign by the North California Peace Council for a truce by Armistice Day and for great power negotiations on a peace pact. (R FBID, 31 Oct 51)

Comment: While no immediate significance can be attached to this isolated report, it should be recalled that the Soviet press gave considerable play to US Senator Johnson's proposal to end the Korean war by 25 June, and that this was followed by Malik's cease-fire proposal on 27 June.

2. Reported rise in Soviet meat and dairy sales: According to a recent Moscow broadcast, the population of the Soviet Union bought 13 percent more food in the third quarter of this year than in the same period of last year. Compared with last year's third quarter, sales of meat rose by 20 percent, butter by 12 percent, and milk and dairy products by 38 percent.

The output of butter was described as being more than 50 percent greater now than before the war; that of salt fish more than 20 percent; while that of canned meat and groceries had reportedly doubled. The broadcast claimed that more than a thousand new factories were presently under construction, including meat-packing plants in Kiev, Stalingrad, and other towns. (R FBID, 31 Oct 51)

Comment: Since there is insufficient information to verify the reliability of Soviet percentages, the quarterly figures mentioned in the broadcast should be treated with reserve. It is possible that USSR food output is rising as the food processing industries become increasingly mechanized.

3. BULGARIA. Failures in industry announced: The Bulgarian State Planning Commission announced on 27 October that, despite considerable growth of industrial production, general industrial plan quotas for the third quarter of 1951 were fulfilled by only 95.9 percent because of the failure of some Ministries to complete their production program. Although the Ministry of Heavy Industry increased the volume of industrial production during the quarter, it met its quota by only 93 percent. The Ministry of Light Industry succeeded in fulfilling its program by only

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94.9 percent. (R Sofia FBID, 29 Oct 51)

Comment: In the second quarter of 1951 the quotas of the general industrial plan were met by 98.6 percent. The Minister of Industry and Mines failed to meet the second quarter plan with regard to the steel industry, the processing of metals, and the building of agricultural machinery.

In September, the Ministry of Industry and Mines was split into the Ministries of Light and Heavy Industry. It would appear that this reallocation of responsibility has not yet produced a beneficial effect upon the Bulgarian economy.

4. POLAND. National deviationists Gomulka and Spychalski to be tried:
On the application of the Prosecutor General, the Polish Sejm voted on 31 October to remove the parliamentary immunity of Wladyslaw Gomulka and Marian Spychalski so that they could be brought to trial respectively for "activities particularly dangerous during the reconstruction of Poland" and "for treason." Four other individuals of lesser prominence were also included in the action. (R Warsaw 354, 31 Oct 51)

Comment: No specific time for the trial of these individuals has been set. Gomulka was, at one time, Secretary-General of the Polish Communist Party; Spychalski was Vice-minister of National Defense. They were publicly demoted from their former prominent positions in the Polish Communist Party and relieved of their Government posts in 1949.

In view of the present unrest and economic difficulties in Poland, the trial will probably be used as a warning to the population to reform from their present anti-Communist attitudes.

5. YUGOSLAVIA. Yugoslav Government expects no agreement with Italy on Trieste: [redacted] there will be no agreement between Yugoslavia and Italy on the disposition of Trieste. [redacted] Marshal Tito and Foreign Minister Kardelj at a recent meeting in Belgrade. The current Yugoslav position is that, although the United States is forcing bilateral discussions on Italy and Yugoslavia for a solution on an ethnic basis, Yugoslav demands will be unacceptable to the Italians. [redacted]

Comment: Despite Italian and Yugoslav expressions of willingness to discuss the Trieste issue, there is no evidence that either country

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is willing to make concessions sufficient to satisfy the other's demands.

The Yugoslav Government had agreed that the negotiations should be undertaken in secrecy, but Marshal Tito in a press interview on 31 October declared that the Trieste problem might be the subject of direct talks between Yugoslavia and Italy at the forthcoming UN General Assembly.

6. Tito analyzes Yugoslav foreign policy: In an interview with foreign correspondents, Marshal Tito made the following major points relevant to Yugoslav foreign policy:

1. Yugoslav relations with the West are a logical sequel to the Cominform break and these relations will continue to develop as long as they do not involve Yugoslav political concessions. The US has on its side a friendly country which it can always count on in case of aggression against independent nations.

2. The USSR wishes, by means of a Five Power Pact, to divide the world into spheres of influence and to split the UN. The West should resist this tactic more vigorously.

3. The strategy of "neutralism" is unrealistic since in the event of war no major European country can remain neutral. However, a third force, composed of "progressive forces," should struggle for peace by attempting to solve in a peaceful way outstanding issues between the two blocs.

4. If Germany is to be granted equality she must be allowed to arm but not for "militaristic purposes."

5. Yugoslav-Italian relations should be improved, but there is no goodwill on the part of certain Italian quarters for the establishment of "normal tolerable relations."

6. The Churchill victory will not alter relations with Britain.
(R FBID, 31 Oct 51)

Comment: This interview reveals no significant departure from previous statements by Tito. Although recognizing Yugoslav dependence on Western aid, Tito attempts to justify his non-adherence to regional alliances by expressing confidence in the usefulness of a "third force" as an instrument of peace.

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7. Signature of bilateral arms aid agreement held up: Ambassador Allen has been instructed to inform the Yugoslav Government that the US is not prepared to conclude a bilateral arms aid agreement until Yugoslavia agrees to accept an initial arms aid group of 30, including 15 officers with power to observe the end use and maintenance of the military aid. The US is prepared to send Brigadier General Harmony as the chief of the arms aid group to Belgrade to work out disputed points, but it hopes that these matters can be resolved and the agreement concluded in advance of Harmony's arrival. (S Outgoing to Belgrade 485, 30 Oct 51)

Comment: Following General Collins' visit, the Yugoslav Government informed the US that it was willing to proceed immediately with the signature of the bilateral agreement and to welcome General Harmony with an initial staff of 6-7 officers to work out an agreement on the size and functions of the aid group.

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SECTION 2 (EASTERN)

1. INDIA. Information Office in Moscow forced to close: According to the Indian Ministry of External Affairs, the Indian Information Office in Moscow was closed in March 1950 because of the "great difficulties. . . in the dissemination of news bulletins and pamphlets owing to the peculiar Russian attitude." The Soviet Government impeded the distribution of press material; Soviet papers failed to print information given to them; and Soviet citizens did not dare to accept free pamphlets because of "fear."

The Indian Information Center in Peiping, which operates with one gazetted officer and seven other employees, is the only functioning center in a Communist country. (R New Delhi Desp 665, 18 Sep 51)

Comment: Despite such concrete experience with Soviet suppressive techniques, the Indian Government has not restricted the wide dissemination of Soviet propaganda in India, through which many Indians are impressed with the Soviet way of life.

2. THAILAND. Police alerted to thwart Communist plot: According to a Reuter's dispatch, the Thai police were alerted following the discovery of a Communist plot for "intensified activity" throughout Thailand. Premier Phibun is reported to have told the upper house of Parliament that the Communist program is due to begin "at once." (U Reuters London, 1 Nov 51)

Comment: While the Communists in Thailand, who are mostly Chinese, are capable of extensive guerrilla activities, the general consensus of opinion is that they are not strong enough to overthrow the government. A more likely explanation of the police alert is that the government is anticipating a coup attempt or is planning to take steps of its own which it feels require justification on grounds of meeting a Communist threat. For instance, such action probably would be taken if Phibun were planning to reduce the influence of the 1947 coup group, as has been reported by a number of sources.

3. INDONESIA. Sixty-one leading Communists escaped security sweep: Sixty-one leading Indonesian Communists escaped the Government's August-September security sweep. They include Alimin and Aidit, Chairman and Deputy Chairman respectively of the Communist Party Central Committee, Tjoa Seik In, secretary of the Indonesian Committee on World Peace, and Sudarsono, member of the SOBSI Directorate. [REDACTED]

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Comment: [redacted] commented in August that the security round-up was unlikely to cripple Communist organizations in Indonesia, and that activity was only at a temporary standstill.

4. Lawlessness increases in West Java: Government "authorities" stated at a press conference that lawlessness in West Java had reached a "critical" stage, and advocated strengthening the police force. (R FBID Djakarta, 31 Oct 51)

Comment: West Java has been the most insecure area in Indonesia since the transfer of sovereignty in 1949. Recent cooperation between the Darul Islam (a fanatical Moslem organization) and remnants of a pro-Dutch guerrilla army have increased the capabilities of lawless elements. In addition, three battalions of government troops were withdrawn from West Java in September for the Celebes campaign.

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6. Refugees assess Chinese Communist and Soviet positions in Manchuria: Recent arrivals in Hong Kong from Manchuria--French nationals from Harbin, Mukden, Kirin and unspecified points--have the impression that Chinese Communist authority in Manchuria is "seemingly uncontested" by Soviet personnel in the area. These sources further agree that there are many Soviet advisory-technical personnel but no Soviet troops in Manchurian cities, and that the Chinese populace is generally hostile to both the Chinese Communists and the Soviets. (S Paris 2581, 31 Oct 51)

Comment: The specific information provided by these sources is largely confirmed by others, but it is believed that their impression of "uncontested" Chinese authority misrepresents the situation. Certain forms of Soviet control over the Chinese political, economic and military apparatus in Manchuria would not be apparent to a casual observer. It is possible that the USSR already exerts sufficient control over that apparatus to split Manchuria from China in the event of a split at the Politburo level between the Soviet and Chinese Communist Parties.

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7. Chinese resume full-time cotton mill operations: The US consul General in Hong Kong reports that Shanghai cotton mills are receiving sufficient cotton from the domestic crop to allow a work week of six days and six nights. A step-up to a seven day-seven night week is expected by 1 November. In addition to the domestic crop, Soviet raw cotton is also being made available. As a consequence of the improved supply situation, the Chinese are no longer ordering foreign cotton and have warned Pakistani contractors to meet commitments or else expect invalidation of contracts.

As a further indication of Chinese disinterest in outside cotton sources, the Consul General cites the rejection on the flimsiest grounds of an order for 1,520,000 yards of cloth from Hong Kong mills and the sudden withdrawal of foreign exchange for the purchase of an additional six million yards. (S Hong Kong 1551, 26 Oct 51)

Comment: A shortage of raw cotton forced the Chinese to close cotton mills for six weeks in June and July. Since then, imported supplies--principally from Pakistan--have permitted part-time operations. With the harvesting of the domestic crop in October, it was expected that mills would soon resume full-time operations.

The Consul General's observations on China's disinterest in importing cotton cloth may not take into account the 20-million-yard export quota which India allocated to China in August. The Chinese have a large rupee balance to their credit as a result of grain sales to India, and they would prefer to expend this balance for Indian cloth rather than purchase from Hong Kong.

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SECTION 3 (WESTERN)

1. GERMANY. Berlin Christian Democratic leader discusses unity issue: In discussing his recent conversation with East German Foreign Minister Dertinger, Ernst Lemmer, West Berlin Christian Democratic leader, told US officials that Dertinger had ventured, strictly as his own opinion, that, to secure a unified, neutral Germany, the USSR might even swallow German participation in the Schuman Plan.

Lemmer said that the West must counter the East German unity campaign with concrete suggestions for election laws and control machinery in order to keep the East on the defensive, adding that he did not believe Chancellor Adenauer was of quite the same opinion. Adenauer, Lemmer believes, wants to prevent all-German talks at any cost. (S Berlin 636, 29 Oct 51)

Comment: Even if the USSR would agree to German unification on terms acceptable to the West -- and this is most unlikely -- it is improbable that it would ever accept participation of the new German state in the Schuman Plan.

Lemmer would apparently favor all-German talks. Adenauer, although opposed to them, has advocated countermeasures similar to those proposed by Lemmer.

2. British appear reluctant to suspend German interzonal trade: Britain's Foreign Secretary Eden has requested a full report on the Berlin situation, and has instructed British High Commissioner Kirkpatrick to take no strong counteraction at present, for fear of unnecessarily adding Berlin to current British difficulties in Iran and Egypt. US High Commissioner McCloy reports that Kirkpatrick showed some hesitation at a meeting on 31 October on the subject of suspending interzonal trade, as earlier planned by the Allies.

Meanwhile, McCloy states that he will continue to press for cessation of interzonal trade as soon as possible. He concurs with the Department of State's feeling that, although such a move is risky during the winter months because of Berlin's vulnerability, the alternative of giving in to the East at this time involves more serious dangers. (S to Frankfurt Circ. 402, 30 Oct 51; S Bonn 300, 31 Oct 51)

Comment: This is the first evidence of a reported policy of the new British Government to proceed cautiously on the German question.

3. FRANCE. Early formation of a stronger French government coalition unlikely: On the eve of the French Parliament's return, the US Embassy in Paris,

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after surveying the opinions of various political leaders, concludes that formation of a stronger coalition is not imminent. The Embassy notes, however, growing evidence of feelers directed toward the Gaullists and of increased difficulties for the present government. The very "troublesomeness" of Premier Plevin's present problems, particularly the forthcoming budget discussions, will discourage his enemies from overthrowing the government as long as they themselves lack the support necessary to cope with these talks.

Paul Reynaud, outstanding leader of the rightist Independents who gained most from the recent local elections, has given up hope for De Gaulle's cooperation in forming a rightist coalition, and is striving to "pry off" individual Gaullists from the General's party. (C Paris unnumbered, 22 Oct 51)

Comment: The downfall of the French middle-of-the-road regime has been predicted in vain several times in the past three years by the great majority of political observers.

De Gaulle is far from obtaining the support he would require to form a government, and Reynaud's proselyting among the Gaullists is unlikely to have any early success that would enable him to form a rightist regime without Socialist support.

4. AUSTRIA. Foreign Minister requests new meeting of Deputy Foreign Ministers: Austrian Foreign Minister Gruber submitted to the US High Commissioner on 31 October a request for an early meeting of the treaty deputies and the speedy conclusion of an Austrian treaty. Commissioner Donnelly promptly replied that a termination of the Austrian occupation was in accordance with the wishes of the US Government and with the declarations of the Western Foreign Ministers at Washington on 14 September. Donnelly promised that the US will not withdraw from Austria until all other occupation powers are prepared to do so, and added that the resumption of negotiations would provide an opportunity for the Soviet Government to demonstrate its goodwill. (R FBIS Radio R-W-R, Vienna, 31 Oct 51)

Comment: The Foreign Minister's note, originally intended for delivery in Washington, was delayed by US objections to its failure to take note of Western efforts to secure a treaty. Gruber, who has cooperated closely with the Western powers on the treaty question, has long desired to demonstrate some Austrian initiative in securing a withdrawal of the occupation powers.

5. NETHERLANDS. Dutch critical of details of European Defense Forces plan: A Dutch Foreign Office official, in reviewing his government's objections to the European Defense Forces plan, has stressed the Dutch fear that the plan is being expanded into political and economic fields beyond the

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original concept. The Dutch, who believe that there should be a definite link between NATO and the European Defense Forces plan, specifically oppose the proposals for a single high commissioner and a common defense budget. The Foreign Office official, who contended that the 25 October Benelux meeting of ministers was solely for "an exchange of views," added that the Dutch Parliament may not be so receptive to the plan when its full significance is known.

US officials in Washington have inferred from the general tenor of the remarks of the Dutch Ambassador to the US that "the Dutch may be looking for an excuse" to back out of the European Defense Forces, taking the other Benelux countries with them, unless their objections to a common budget and to a single high commissioner are satisfied. (C The Hague 419, 30 Oct 51; S to The Hague 578, 30 Oct 51)

Comment: Following the meeting of the Benelux ministers on 25 October at Brussels, the Belgian Ambassador to France called together the heads of the delegations to the European Defense Forces talks in Paris to indicate his country's concern over the recently proposed political broadening of the plan. Luxemburg is also cool to the over-all plan, but the Belgian Foreign Minister is reported as favoring the scheme in principle.

6. ITALY. Financing is the most important factor limiting Italian rearmament: The head of the ECA Mission in Rome reports that it is pointless to talk of increased Italian production for rearmament unless financing is available either through the budget or from offshore procurement. This official points out that the major US defense objectives in Italy are to bring about the largest defense budget possible, the maximum utilization of production facilities, the maximum deliveries of military items to the armed forces, and the minimum US contribution consistent with these objectives.

The basic problems retarding an adequate defense effort are the shortage of raw materials, the dollar balance of payments deficit, the budgetary deficit, political unrest, and inflationary fears. The head of the ECA mission recommends that the promised offshore procurement program be initiated promptly to encourage the Italians to move ahead in their defense program. (C Rome TOECA 1178, 25 Oct 51)

Comment: In addition to the problem of financing Italian rearmament there is another impediment, namely, the inability of the Italians to implement simultaneously a number of major economic and military programs. To date the Italian Government has not taken satisfactory measures to ensure the equitable distribution of scarce materials or to prevent inflation through adequate plans to control the spending power generated by increased production. Utilization of idle plant capacity, which is largely concentrated in the state and state-controlled industries, will be impeded by the poor organization in these state-controlled industries.

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7. VATICAN. Pope acknowledges helplessness of Church in Eastern Europe: On the eve of the thirty-third anniversary of Czechoslovak national independence the Pope called on Czech Catholics to stand fast in their faith. In a letter protesting against Communist assaults on Czechoslovak Catholicism, the Pope appealed to parents to give their children religious instruction at home, now that it is officially forbidden in schools. The Pope admitted that it has become "almost impossible for the Roman Catholic Church to fulfill its mission properly." The Pope's appeal followed persistent reports that the Communists are making mounting efforts to split Czechoslovakia's overwhelming majority of Catholics from their ties with the Papacy, to divide the lower-ranking clergy from the bishops, and the laymen from the priests. (C NY Herald Tribune, 28 Oct 51)

Comment: This papal letter is the first official admission of the almost complete helplessness of the Roman Catholic church in Eastern Europe. There are indications that the Church is preparing to work underground to resist complete destruction in Satellite areas.

8. SPAIN. Socialist exiles denounce pact with Don Juan monarchists: Spanish Socialist exiles in Mexico have voted for the dissolution of the Socialist partnership with the anti-Franco and pro-Don Juan monarchists within the Comité Interior de Coordinación. The Socialists claim that the letter Don Juan wrote on 10 July to General Franco asking to be re-established on the throne of Spain constituted a disavowal of the Socialist Monarchist 1948 agreement. (R FBIS, Paris, AFP, 29 Oct 51)

Comment: In his letter to General Franco, Don Juan not only professed his adherence to the principles of the Nationalist revolution, but said that his hands were "freed from any bonds or pacts for the future."

Although some Socialist reaction was expected, the group in Mexico represents a minority within the Spanish Socialist Party. There is no indication that the Socialists in Spain or the Party's executive committee with headquarters in France contemplate a withdrawal from the monarchist-led coalition against the Franco regime.

9. UNITED KINGDOM. Foreign Office to push Japanese treaty ratification: The Foreign Office plans to sponsor the introduction in the House of Commons on 7 November of a bill ratifying the treaty of peace with Japan. Foreign Office officials hope that ratification can be accomplished before Parliament rises for the Christmas holidays. (C London 2117, 31 Oct 51)

Comment: Whether Parliament can meet this timetable depends on the pressure of business facing the new government. There is no question of the bill's eventual passage.

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10. British hope rumored Sudanese appeal to UN aborts: UK Foreign Office officials hope that the appeal to the UN currently being considered by the Sudan Constitutional Commission "will die on the vine," but they recognize the fact that if international interest is stirred up the UK will have a new problem. The Foreign Office dislikes the idea of a UN Commission in the Sudan, and thinks the Sudanese would be best advised to proceed with the present program leading to self-government. (S London 2094, 30 Oct 51)

Comment: The Constitutional Commission, appointed by the Governor-General on 31 March to consider revisions of the self-government ordinance of 1948, is reportedly drafting an appeal to the UN for the appointment of an international commission to govern the Sudan until its future status has been decided.

The British, who consider the Condominium Agreement of 1899 still valid despite Egyptian abrogation, are proceeding with their established plans for the Sudan. On 25 October the British Civil Secretary for the Sudan stated that elections for a new Legislative Assembly would be held as early in 1952 as possible. He also announced his hope that the revised constitution, satisfying the "immediate aspirations" of the Sudanese, would be in operation before the end of 1952.

11. British seek legal basis for possible refusal to register ex-Panamanian ships: British officials in London have taken the preliminary position that existing admiralty law probably provides no basis for refusal of British registry to the ex-Panamanian-flag vessels which were barred by Panamanian decree from calling at Communist Chinese ports. The Hong Kong government had reported that as of 24 October no applications for British registration had been received; but it had stated that administrative delay on such applications, if received, could not be drawn out longer than about three weeks. (C London 2077, 30 Oct 51)

Comment: Britain has consistently been unwilling to take any action with regard to Far Eastern shipping which might, directly or indirectly, work to the competitive disadvantage of the extensive British shipping interests in these waters. This attitude is reflected in their reluctance to disturb the legal apparatus regulating shipping for other than the gravest of reasons, since this might constitute a precedent for possible capricious manipulation of regulations by countries whose ports are plied by British shipping. Recent reports indicate that Britain remains firmly opposed to any ban on UN shipping calling at Chinese ports.

The British attitude in this instance may well delay current UN negotiations with Panama designed to secure a Panamanian law prohibiting the sale or charter of Panama registry ships without that government's approval.

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12. NORWAY. Soviet Union again protests Norwegian movement of war graves:
On 31 October Norway received another note from the Soviet Union protesting the Norwegian Government's consolidation of Russian war graves. The note again accuses Norway of desecrating the graves of Soviet soldiers, and demands that the relocation of cemeteries be stopped. (U Moscow TASS, 1 Nov 51)

Comment: This issue has been the subject of notes exchanged by the USSR and Norway since mid-August, when the Norwegian Government first stated its intention to consolidate the numerous, widely-dispersed graves into a few cemeteries (see OCI Daily Digest, 19 Sep 51). The 31 October note is a reply to a Norwegian note of 10 October denying Soviet accusations of desecration and stating Norway's willingness to establish a joint commission to supervise operations.

This latest note which is very strongly worded represents a continuation of Soviet diplomatic pressure on Norway. It involves a much less significant issue, however, than the Soviet accusations in mid-October of Norwegian aggressive designs and violation of the Spitsbergen Treaty, which Norway denied in a reply on 30 October.

13. SWEDEN. Government proposes stringent security measures: Sweden's Minister of the Interior has announced that the government will shortly place before the parliament a bill authorizing the police to open letters and tap telephone calls in cases of suspected espionage. The bill stipulates that the police must report such action to a court which can rescind the order if it is considered unjustifiable. The holding of mail and tapping of calls is limited to a month's duration. (U London Reuters, to New York, 31 Oct 51)

Comment: The recent arrest of a Communist noncommissioned naval officer for espionage on Soviet account has greatly disturbed and aroused the Swedes. The case is considered the "most serious ever to occur in Sweden," and involves the transmission to Soviet Embassy personnel of vital information concerning Swedish naval equipment and armament, naval bases, coastal defense installations, secret waterlanes, and coastlines "suitable for invasion."

14. ARGENTINA. The Radical Party may withdraw from the elections: The US Embassy in Buenos Aires states that the Radical Party is thinking of withdrawing from the elections at the last minute. While this would probably do little toward ousting Peron, it would make a sham of the free elections. Some Radicals think it would provide added incentive to the armed forces to take over. (C Buenos Aires 339, 31 Oct 51)

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Comment: The Socialist presidential nominee withdrew his candidacy earlier this month stating that too many Socialists were incarcerated and that it is impossible to make an effective campaign. The Communist presidential candidate reportedly is in a "delicate" condition after being shot at a political rally on 31 October. Should the Radical Party, Argentina's principal opposition party, withdraw from the race, electoral opposition to the Peronista Party at least on the executive level will find virtually one choice: the candidate of the numerically inferior Democratic Party.

15. CUBA. Communist press features coming International Economic Conference:

The general economic publicity campaign of the local Communist press has been featured by lengthy discussions in both La Ultima Hora and Hoy of the international economic conference which is to be held in Moscow. This conference has also been the subject of local correspondence directed by the Cuban Peace Committee and addressed to various Cuban industrial, commercial, and rural organizations describing the projected conference and suggesting that the full range of Cuban interests in foreign trade should be represented.

The US Embassy in Havana states that discreet inquiry has determined that the efforts of the Cuban Peace Committee will bear little fruit. Nonetheless, this approach is judged by the Embassy to be a further indication of the extent to which the Communist International is prepared to go in its efforts to insure attendance at the so-called economic conference. (R Havana Desp. 519, 24 Sep 51)

Comment: At the Preparatory Conference held at Copenhagen 27 to 29 October 1951 it was decided to postpone the Moscow Conference to April 1952. One of the purposes of this projected conference reportedly is to work out plans for the economic penetration of Latin America by the Soviet Union. Twelve Cuban delegates are scheduled to attend; one, Jacinto Torras, a well-known Communist Party economist, has already been chosen. It is believed that the present publicity campaign will evoke little, if any, national interest in participation in this conference.

16. PANAMA. Students strike. University students organized a student strike on 31 October to protest the political machinations centering around Colonel Remon, who has technically renounced his position as Chief of Police in order to run for president. Illueca, head of the Popular Front Party, is exhorting students to agitate for a general strike, with complete stoppage of city business activities and interruption of utilities and public services, to last until "Remon and militarism" are repudiated.

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Comment: The Patriotic Front Party is still controlled by non-Communist Harmodio Arias, according to most recent reports. While Arevalo may have been included in discussions of plans by members of either the Patriotic Front or of the Communist-controlled Federation of University Students, it is questionable that he was the decisive force behind the move. Ex-President Harmodio Arias, on the other hand, has been an enemy of Remon's for some time, and it is entirely possible that he now seeks to exploit popular resentment of Remon's well-known corruption, and that he may utilize Communist cooperation.

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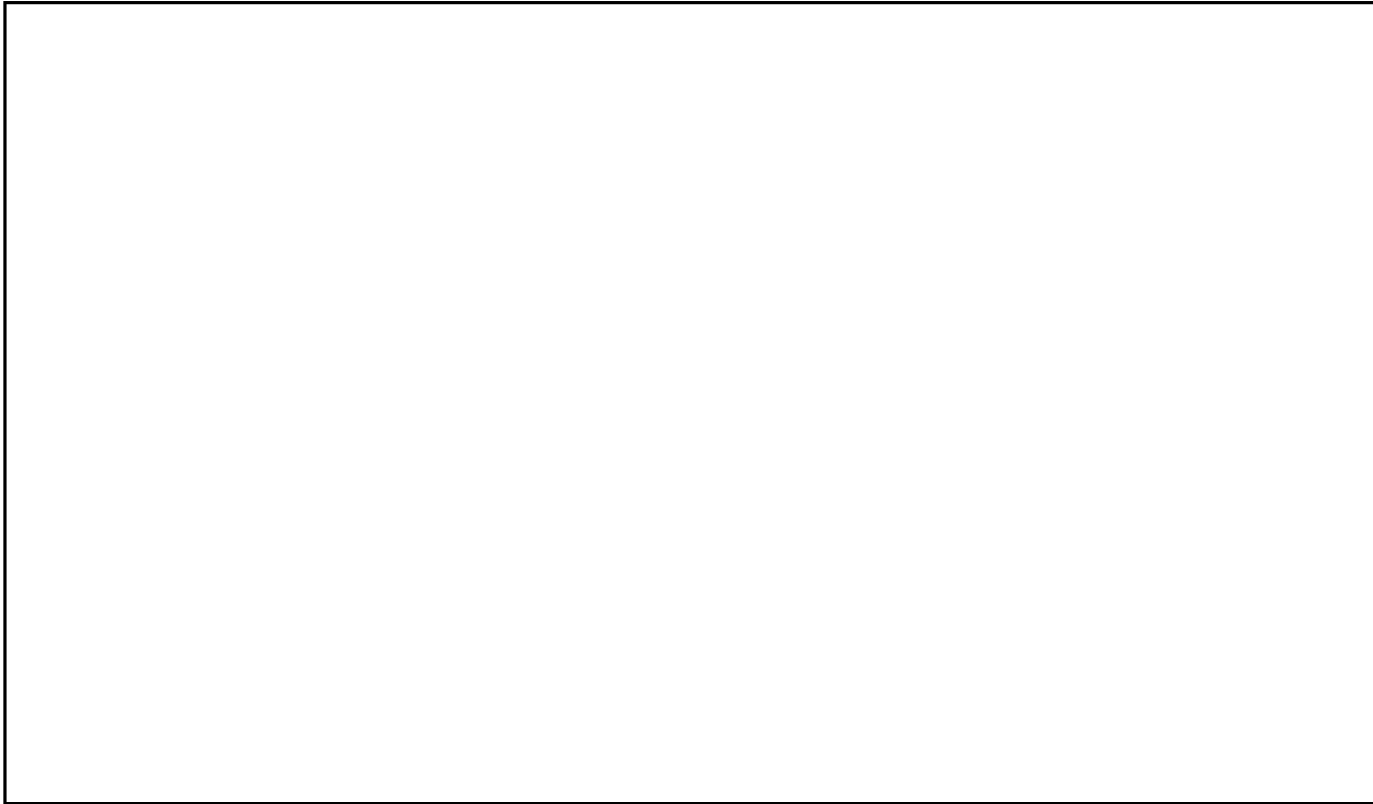
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SECTION 2 (EASTERN)



2. INDONESIA. French Ambassador counsels against strong stand with Indonesia on North African problem: The French Ambassador to Indonesia told the US Minister-Counselor that he had always advised his government against taking a strong stand with Indonesia on the North African problem. As a newly created Islamic nation, Indonesia naturally sympathizes with Moroccan independence aspirations, but the French Ambassador believes this interest to be more academic than real in view of the distance involved and the existence of more pressing problems nearer home. A vigorous stand would only arouse Indonesian interest, which would undoubtedly run contrary to French desires. (C S/S Djakarta 664, 31 Oct 51)

Comment: Indonesia has consistently indicated its moral support of the Moroccan independence movement. The French Ambassador is probably correct, however, in assuming that this interest is somewhat academic and that any effort to encourage an appreciation of the French position would only antagonize the Indonesians and stimulate more active support.

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3. AUSTRIA. British indicate ultimate acquiescence on Austrian treaty tactics:
The US Embassy in London reports that a briefing paper submitted by Foreign Office officials to Foreign Secretary Eden on the subject of Austria states that the British Government has agreed to a new meeting of the Austrian treaty deputies by the end of November. The paper further recommends that, in the event of another stalemate on the old draft treaty, the British Government should join the US in submitting a short treaty as suggested by the US State Department. (S S/S London 2081, 30 Oct 51)

Comment: While the State Department has indicated its strong preference for the submission of a shorter draft as an initial move in renewed negotiations with the USSR, it is apparently willing to withhold the new proposal until an impasse has developed on the old draft. British accession to the US proposal may perhaps be the decisive factor in winning over the reluctant French.

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